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FEDERAL COMMUNICATIONS COMMISSION  
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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554

In the Matter of )  
 )  
Amendment of the Commission's )  
Rules Regarding Installment Payment )  
Financing For Personal Communications )  
Services (PCS) Licensees )  
 )  
Amendment of Part 1 of the Commission's )  
Rules – Competitive Bidding Proceeding )

WT Docket No. 97-82

**PETITION FOR RECONSIDERATION**

Koll Telecommunication Services ("KTS"), pursuant to section 1.429 of the Commission's rules, 47 C.F.R. & 1.429, respectfully requests reconsideration of certain aspects of the Second Report and Order in the above-captioned proceeding.<sup>1</sup> Specifically, the Commission should:

1. Permit licensees to retain licenses in which they have made significant build-out;
2. Permit licensees to utilize their full down payment in the Disaggregation and Prepayment options; and,
3. Adjust the Prepayment option to account for the net present value of forgoing installment payments.

KTS provides site acquisition, entitlement and construction management services to wireless telecommunication system operators throughout the United

<sup>1</sup> Amendment of the Commission's Rules Regarding Installment Payment Financing For Personal Communications Services (PCS) Licenses, Second Report and Order, WT Docket No. 97-82, FCC 97-342, rel. Oct. 16, 1997 ("Reconstructing Order").

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States. The effects of the delays in development of the C-Block systems have had a very detrimental effect and have been felt throughout all layers of the industry. This is particularly the case with the service sector businesses such as KTS. Many have faced serious setbacks which have resulted in the need to drastically cut staffing, and in some cases, the impact has already been even worse, literally threatening the existence of many.

The FCC's restructuring decision is punitive to C Block bidders, and as a result, harms a number of small businesses engaged in supporting C Block build-out activities. Such companies have made significant investments and created a number of jobs in anticipation of supporting the rapid build-out and commercialization of C block networks.

We are particularly concerned that the Commission apparently did not appear to fully consider the comments made by our principal advocate within the Administration, the Small Business Association ("SBA"). According to the letter, "There are thousands of small business vendors, suppliers, contractors, engineering and marketing firms across the country who have not had the opportunity to finalize service contracts or commence work for C-block licensees."<sup>2</sup>

Small businesses and the jobs that we create are at the heart of the C block. While this proceeding is contentious, it is important to continue to focus on the contribution that we are all trying to make to facilities-based competition, at the same time that most of the headlines are devoted to consolidation, rather than competition, among giant telecommunications companies.

We believe in auction integrity and fairness. However, in offering a set of options to C block licenses that is so limited as to be punitive, the Commission inadvertently punished numerous suppliers and vendors who relied on C block licensees for new business. Commission policy should promote opportunities for all small businesses, including those engaged in supporting network build-out activities.

Auction integrity also involves Government's responsibility to give small businesses reasonable and sufficient notice of upcoming auctions to plan their businesses and raise needed capital. It is ironic that the FCC's 2.3 GHz auction effectively destroyed C block valuations. It was procedurally very much outside of the "integrity" of any normal spectrum management policies.

The Restructuring Order did not provide C block licensees with any commercially reasonable alternatives. We are concerned that the Order will result in

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<sup>2</sup> See Jere W. Glover, Chief Counsel, U.S. Small Business Administration and Jenell S. Trigg, Assistant Chief Counsel, Telecommunications, to The Honorable Reed E. Hundt, Chairman, Federal Communications, *ex parte* letter, September 8, 1997 at p. 5.

even more bankruptcy filings by distressed C block licensees, which will delay further network build-out and, ultimately, a new competitor in the marketplace.

We urge you to reconsider the affect your decision has had on suppliers to the wireless marketplace. The C block experiment has not resulted in a significant amount of new facilities-based competition, as was anticipated. However, this public policy experiment can be a success if C block licensees are provided with commercially reasonable restructuring alternatives.

Respectfully Submitted,



James W. Smith  
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